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NAVAL SUPPLY SYSTEMS COMMAND, MECHANICSBURG, PA 17055-0791
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NAVAIR
4860
SER 00/
24 Sep 03

SPAWAR
4860
SER 00/357
17 Sep 03

NAVSUP
4860
SER 00/032
SEP 23 2003

NAVSEA
4860
SER 00/075
24 Sep 03

JOINT LETTER

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(INFRASTRUCTURE ANALYSIS)

Subj: DEPARTMENT OF NAVY (DON) STRATEGIC SOURCING ACQUISITION
CENTERS OF EXCELLENCE - VS-JL-07

Encl: (1) Virtual SYSCOM Strategic Sourcing Acquisition Center
of Excellence Concept of Operations

1. In response to discussions with DASN (ACQ) and DASN (ISA) on the need for implementing and sharing best practices in the DON Strategic Sourcing Program, a working group representing NAVSEA, NAVAIR, SPAWAR, NAVSUP developed a concept of operations for a Virtual SYSCOM Acquisition Center of Excellence (VSACOE). The need for consistent management of strategic sourcing is reflected in both the DON principles for Strategic Sourcing and the revised OMB Circular A-76, May 29, 2003. Concentration of strategic sourcing studies within the VSACOE will enable us to meet the challenges for future strategic sourcing studies and competitions, to ensure a more consistent approach to strategic sourcing, and to effect economies and efficiencies from centralization.

2. The Virtual SYSCOM established VSACOE for Strategic Sourcing in NAVAIR 2.0. The VSACOE will function in accordance with the Concept of Operations (CONOPS) outlined in enclosure (1). The VSACOE will be responsible for contracting actions associated with all mission-specific strategic sourcing studies within the

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Virtual SYSCOM. A management board consisting of the Executive Directors of each member of the participating SYSCOMs will administer the VSACOE.

3. The CONOPS in enclosure (1) is recommended as a way ahead to ensure a more consistent approach to strategic sourcing, and to effect economies and efficiencies from centralization.



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**VIRTUAL SYSCOM
STRATEGIC SOURCING CENTER OF EXCELLENCE (COE)
CONOPS**

Background: The Secretary of the Navy (Acting) directed, in a 18 April 2003 memorandum, the establishment of "a limited number of contracting offices that specialize in conducting Strategic Sourcing, and in particular A-76, procurements".

In order to provide standardization and process control to the A-76 procurement process the Department will establish Strategic Sourcing Acquisition COEs and will charter a Strategic Sourcing Acquisition Board of Directors (SSACOE BOD) to govern these centers.

The Virtual SYSCOM COE will be responsible for the A-76 acquisition process, to include solicitation, source selection, and award, and will support the development of the Performance Work Statement (PWS) for all mission specific A-76 studies to be competed by the Virtual SYSCOM Commands and Field Activities. While the Virtual SYSCOM Commands and Field Activities are responsible for the development of the PWS, the VSACOE will provide support such as preliminary planning (scope, acquisition strategy, business unit formation, workload data/systems, baseline costs, schedule, etc.), material requirements definition, workload analysis, GFP Inventory, quality control plan, etc. to the claimant and activity-level teams. The VSACOE shall be responsible for development and certification of private sector costs for streamlined competitions. The VSACOE shall prepare the solicitation, receive private sector offers, certify the performance decision, and complete the Standard Competition Form for standard competitions. Upon completion of a performance decision, the VSACOE is responsible to obtain CNO approval prior to awarding a contract and to implement the letter of obligation or contract for competitions.

The VSACOE will be administered by a management board comprised of the Executive Directors of each member of the participating SYSCOMs. To avoid conflicts of interest, VSACOE studies will be completed within an office independent of the activity being studied to the extent practicable.

The DON will establish a separate COE in the Naval Facilities Engineering Command (NAVFAC) identified as the DON Strategic Sourcing Acquisition Center of Excellence (DON SSACOE). The DON SSACOE will perform the same Strategic Sourcing acquisition

Enclosure (1)

functions as the VSACOE for all Navy activities assigned studies including Virtual SYSCOM Command And Field Activities studies on non-mission essential functions.

Approach: The Virtual SYSCOM Management Board (Virtual SYSCOM Executive Directors) will provide general oversight of the VSACOE and resolve any issues associated with the VSACOE and the activities conducting A-76 studies.

Decisions on whether a specific A-76 competition will be conducted by the DON SSACOE (NAVFAC) or by the VSACOE will be made as follows:

- All A-76 studies involving Base Operating Support (BOS) functions, as defined by the attached Installation Management Accounting Project (IMAP) 2003, will use the NAVFAC SSACOE for contracting actions.
- All A-76 studies that involve the mission-specific functions of the Virtual SYSCOM commands (such as product development, engineering, T&E, etc) will use the VSACOE.
- The VSACOE Management Board and/or the DON SSACOE Board of Directors will resolve issues relative to the assignment of a specific A-76 competition.

The VSACOE will be established in NAVAIR 2.0 within the Navy Working Capital Fund. The NAVAIR VSACOE is responsible for all contracting actions associated with A-76 studies involving mission critical functions and mission support functions that are identified as BOS functions in the attached IMAP 2003 for NAVSEA, NAVSUP, SPAWAR, and NAVAIR. For all A-76 studies, other than NAVAIR studies, the VSACOE will receive oversight, warrants, reviews and approvals from NAVAIR 2.0. NAVSEA 02 will provide oversight, warrants, reviews and approvals for NAVAIR A-76 studies.

Virtual SYSCOM activities will negotiate contracting support levels with the VSACOE via a Memorandum of Agreement (MOA).

Funding: Virtual SYSCOM activities conducting A-76 competitions on mission specific functions will provide funding to NAVAIR

Headquarters for contracting support at the negotiated levels. NAVAIR HQ will transfer the funding into the VSACOE Working Capital Fund to fund the negotiated contracting support.

Implementation: The VSACOE will be established with fully operational capability by 1 October 2003.